

Message Text

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43

ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

SP-02 AID-05 EB-07 NSC-05 CIEP-01 TRSE-00 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 JUSE-00 L-03 H-02

PA-01 PRS-01 ARAE-00 FTC-01 /092 W

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O P 141344Z FEB 76 ZFF4

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC NIACT IMMEDIATE 2403

INFO AMEMBASSY KINGSTON PRIORITY

AMEMBASSY BRIDGETOWN PRIORITY

AMEMBASSY PARAMARIBO PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY CARACAS PRIORITY

AMEMBASSY PORT OF SPAIN PRIORITY

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DECONTROL UPON RECEIPT

E.O. N/A

TAGS: EINV, EAGR, GY

SUBJECT: GOG DECIDES TO NATIONALIZE ALL BOOKERS HOLDINGS

1. EARLY THIS MORNING (14 FEBRUARY) BOOKERS CHAIRMAN TREFOR ELLIS CALLED ON AMBASSADOR AT RESIDENCE AND ANNOUNCED THAT AFTER SEVERAL WEEKS OF INTENSIVE DISCUSSION BETWEEN GOG AND BOOKER MCCONELL DIRECTOR MICHAEL CAINE, GOG DECIDED TO NATIONALIZE ALL BOOKERS HOLDINGS IN GUYANA. DECISION CAME AFTER OFFER BY BOOKERS FOR PARTICIPATION WAS REFUSED, AND GOG REMAINED INFLEXABLE ON QUESTION OF RELIEF FROM SUGAR LEVY. PUBLIC ANNOUNCEMENT OF NATIONALIZATION WILL TAKE PLACE NOON FEB 14 GUYANA TIME
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SIMULTANEOUSLY HRE AND IN LONDON. ACTUAL TAKEOVER WILL OCCUR

MAY 26 (TENTH ANNIVERSARY GUYANA INDEPENDENCE)

2. SUGAR LEVY, WHICH HAS BEEN IN EFFECT SOME TWENTY MONTHS NOW, VIRTUALLY REDUCED LOCAL BOOKERS SUGAR OPERATION, THE COMPANY'S MAINSTAY IN GUYANA, TO STATE OF BANKRUPTCY. ACCORDING TO ELLIS, GOG HELD OUT ON RELIEF FROM LEVY IN HOPES THAT COMPANY WOULD IMPORT FOREIGN EXCHANGE TO MEET OBLIGATIONS. BOOKERS LONDON HEADQUARTERS FIRMLY OPPOSED SUCH AN ACTION.

3. APPARENTLY, AFTER NATIONALIZATION DECISION WAS TAKEN, BURNHAM ATTEMPTED TO BACK OFF, AND REQUESTED BOOKERS TO MAINTAIN SILENCE UNTIL FEBRUARY 23, SO THAT HE (BURNHAM) COULD ANNOUNCE IT ON REPUBLIC DAY. CITING BOOKERS LEGAL OBLIGATION (SIMILAR TO THOSE UNDER OUR SEC REGULATIONS) TO MAKE KNOWN TO SHAREHOLDERS AND INVESTING PUBLIC SUCH AN IMPORTANT ACTION, ELLIS AND CAINE REFUSED, AND HENCE TAKEOVER WILL BE PUBLICIZED TODAY.

4. DETAILED REPORT WITH ADDITIONAL BACKGROUND WILL FOLLOW NEXT WEEK.

KREBS

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Message Attributes

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